



# **THE ARMY'S TRANSIENT HOUSING (LODGING) PRIVATIZATION INITIATIVE (PAL)**

## **PROGRAM OVERVIEW / UPDATE**

**PAL Program Office  
Office of the Assistant Secretary of  
the Army for Installations and  
Environment  
Headquarters, Department of the  
Army**

## PAL PROGRAM GOAL AND OBJECTIVES

- **Goal:**

Improve the quality of transient lodging facilities throughout the continental United States, Alaska and Hawaii, supporting Soldiers and their families by privatizing the lodging function

- **Objectives:**

- Eliminate substandard Army lodging by 2014
- Improve quality of life for Soldiers and their families
- Use of private sector **capital and best practices**
- Overcome \$1B+ revitalization backlog
- **Provide for long-term sustainment**
- Capitalize on success of a proven initiative
- Transfer non-core function

# **WHY STRUCTURAL CHANGE IS NEEDED**

- **Current State of Army Lodging:**
  - Substandard facilities approaching a critical need for repair
  - Inefficient operations
  - No comprehensive long-term sustainment plan
  - No appropriated funds available
- **Why Private Sector is Best Solution:**
  - Removes Army from a non-core competency function
  - Can complete replacement & renovation quickly and efficiently
  - Can deliver and sustain the facilities over the term of the lease
  - Private sector best practices will deliver an affordable, customer- oriented lodging operation to the Service

**PRIVATIZATION OF ARMY LODGING**  
**Assistant Secretary of the Army (Installations and Environment)**

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**Aberdeen Proving  
Ground**



**Fort Polk**



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**Redstone Arsenal**



**Fort Hood**

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**Fort Benning**



**Fort Meade**

## **KEY PROGRAM CHARACTERISTICS**

- Natural expansion of a proven initiative (RCI)
- ***Financial analysis vetted through ASA(FM&C), ABO, ACSIM***
- Program is completely self-sustaining
  - No APF subsidy of operations
  - Includes long-term recapitalization
- Project reimburses government for all municipal services provided (i.e., utilities, waste management, fire and police)
- No government guarantees (financial or occupancy)
- Owner earnings limited to fees earned at negotiated rates
- Private sector institutes best practices and commercial standards (meeting or exceeding Army Lodging standards)



## **PRIVATIZATION PARAMETERS**

- Private developer assumes the business risk
  - NO occupancy guarantees
  - NO guarantees against base closure, downsizing, or deployment
- NOT classified as government quarters
  - Travelers choose where they stay
- NO government cash contribution
  - Land lease and conveyed assets only
- NO government involvement in day-to-day operations
- Developer reimburses government for municipal services



## KEYS TO PROGRAM SUCCESS

- Competitively select developer/operator
- ***Allow private sector to institute best practices through transfer of non-core function***
- Avoid unnecessary levels of government involvement
- Maintain comprehensive Portfolio and Asset Management (PAM) program (RCI model) to monitor project performance
- Protect the Army's interests through the PAM process and the lease

## **Solicitation W912DR-04-R-0082**

- RFQ was issued 28 Oct 05
- RFQ responses received 13 Dec 05
- SSEB – Phase 1 completed 2 Feb 06
  - Highly Qualified Competitive Group (HQCG) identified
- Phase II commenced 2 Feb 06
- Documents Room furnished to the HQCG 1 Mar 06
- Phase II Site visits started 21 March 06
- Oral presentations start 10 Jul 06
- SSA – Selects offeror to prepare LDMP Sep 06
- LDMP completed and Group A operations transferred Sep 07